



OFFICE OF MAYOR ANDY SCHOR

124 W. Michigan Avenue – Ninth Floor
Lansing, MI 48933

FOR IMMEDIATE RELEASE:
Friday, July 26, 2019

MEDIA CONTACT: Valerie Marchand
517-230-4904

Mayor Schor Announces Next Step to Help Address City's Legacy Costs

(LANSING) – Mayor Andy Schor announced in a memo today that mayoral staff and non-bargaining employees who are hired by the City of Lansing after August 1, 2019, will only have a defined contribution (DC) retirement plan, instead of a defined benefit (DB) plan. Additionally, Mayor Schor will propose to City Council that incoming executive management members (department directors) hired into the City after August 1, 2019, will only have a DC retirement plan.

The City of Lansing Financial Health Team (FHT) recommended this change to help address the City's legacy costs. The City currently has more than \$700 million in unfunded pension and retiree healthcare liabilities.

"Our Financial Health Team has proposed this change as a way to help prevent an increase in our unfunded costs," said Mayor Schor. "This is an effort that we have the ability to implement right now, while also providing portability of benefits to employees that generally do not stay long enough to take advantage of DB benefits."

"The Lansing Financial Health Team applauds Mayor Schor for demonstrating a commitment to the process of addressing the City's significant unfunded actuarial accrued liabilities. This unfunded liability did not appear overnight, nor will it be resolved with a single quick or painless solution. The solution will come through a series of tough actions and difficult decisions, which over time will provide the City the best chance to remain in control of how to address this challenge and to fund the necessary services to the residents and taxpayers of the City. This move is a step in the right direction, in addition to Mayor Schor and City Council's recent support of adding a Chief Strategy Officer position to the Mayor's staff," said FHT Co-Chairs Brian Lefler and Ben Bakken.

Mayor Schor's memo finalizes that both newly hired mayoral staff and non-bargaining staff will hire in with a DC plan. City Council must vote to approve Mayor Schor's recommendation to include new executive management hires in the same plan. City Council will receive the recommendation during their next City Council meeting on Monday, July 29, 2019.

###